

Message Text

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INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 ISO-00 IO-13 NEA-10

OIC-02 SSO-00 NSCE-00 INRE-00 PM-04 ACDA-07 CIAE-00

INR-07 L-03 NSAE-00 NSC-05 EB-07 NRC-05 FEAE-00

DODE-00 SS-15 OMB-01 /119 W
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FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC IMMEDIATE 4145

INFO USERDA WASHDC IMMEDIATE

USERDA GERMANTOWN IMMEDIATE

USMISSION VIENNA IAEA PRIORITY

AMEMBASSY PRETORIA

AMEMBASSY CAPE TOWN

AMEMBASSY BRASILIA

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY MOSCOW

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AMEMBASSY MEXICO

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AMEMBASSY MADRID

C O N F I D E N T I A L SECTION 1 OF 2 RIO DE JANEIRO 3534

DEPT PASS IO/SCT

FROM USDEL IAEA

EO 11652: GDS

TAGS: AORG, OCON, IAEA, PARM, TECH

SUBJ: IAEA BOARD OF GOVERNORS MEETING, SEPTEMBER 17: REPORT OF
DISCUSSION AND OF DECISIONS TAKEN

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REF: RIO DE JANEIRO 3524 (NOTAL)

SUMMARY: WITH EXCEPTION OF MEXICAN RESEARCH REACTOR PROJECT WHICH WAS DEFERRED FROM BOARD CONSIDERATION ON BASIS OF LAST MINUTE REQUEST BY MEXICO, SEPTEMBER 17 MEETING OF BOARD APPROVED ALL RECOMMENDATIONS BY D.G. ON AGENDA ITEMS BEFORE IT. THIS MESSAGE DEALS PRINCIPALLY WITH THE BOARD DISCUSSION OF THE MOST SIGNIFICANT MATTERS ON THE AGENDA: THE FRANCE/IAEA/SOUTH AFRICA SAFEGUARDS AGREEMENT, AND THE US/IAEA SAFEGUARDS AGREEMENT ("U.S. VOLUNTARY OFFER"). OTHER ACTIONS TAKEN BY THE BOARD ARE ALSO SUMMARIZED. END SUMMARY.

1. FRANCE/IAEA/SOUTH AFRICA SAFEGUARDS AGREEMENT (GOV/1805): DECISION BY BOARD TO AUTHORIZE DG TO CONCLUDE TRILATERAL WITH FRANCE AND SAG AS CONTAINED GOV/1805 AND CORRIGENDUM WAS TAKEN AFTER HOUR-LONG DISCUSSION IN WHICH 21 GOVERNORS PARTICIPATED, WITH ROUGHLY 50-50 SPLIT PRO AND CON. ISSUE WAS NOT RPT NOT PUT TO A VOTE; CHAIRMAN WAS ABLE TO ANNOUNCE HIS FINDING THAT BOARD HAD APPROVED DG'S RECOMMENDED ACTION, WITH RESERVATIONS NOTED IN RECORD.

2. AS EXPECTED, THERE WAS A LARGE NUMBER OF NEGATIVE STATEMENTS ON THIS AGENDA ITEM. MOST OF THESE, HOWEVER, WERE DEVOTED TO ALLUSIONS TO UNGA RESOLUTIONS CONDEMNING SOUTH AFRICA AND TO CONDEMNATION OF THE FRENCH SALE OF REACTORS TO SAG RATHER THAN TO CONSIDERATION OF THE MERITS OF THE SAFEGUARDS AGREEMENT ITSELF. AS ONE OF ONLY THREE GOVERNORS WHO EXPLICITLY OPPOSED THE AGREEMENT, ZAMBIAN GOVERNOR OPENED DISCUSSION OBSERVING THAT WHILE HIS GOVERNMENT FIRMLY SUPPORTED AGENCY SAFEGUARDS, PRESENT AGREEMENT WOULD ONLY LEND LEGAL SANCTION TO ACQUISITION BY RACIST, OPPRESSIVE REGIME OF MEANS TO FURTHER OPPRESS MAJORITY OF ITS CITIZENS AND TO FURTHER ITS EXPANSIONIST ACTIVITIES IN SOUTHERN AFRICA. IN SIMILAR STATEMENTS, GOVERNORS OF INDIA AND YUGOSLAVIA OPPOSED AGREEMENT AS INCOMPATIBLE WITH RESOLUTIONS OF UN AND COLOMBO NAC. REPS OF IRAQ, LIBYA, PHILIPPINES, INDONESIA, BANGLADESH, THAILAND, TURKEY, USSR AND GDR INTERVENED BRIEFLY FOR THE RECORD WITH "RESERVATIONS" CONCERNING THE PROPOSED AGREEMENT. TYPICAL OF THESE COMMENTS WERE THOSE OF THE SOVIET GOVERNOR WHO, WHILE DRAWING ATTENTION TO SOVIET POSITION ON SAG AT UNGA DID NOT RPT NOT ADDRESS GOV/1805.

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3. SPEAKING IN FAVOR OF AGREEMENT WERE REPS OF JAPAN, NETHERLANDS, FRANCE, UK, FRG, DENMARK, ARGENTINA, US, SPAIN AND AUSTRIA. WHILE MOST, IF NOT ALL SPEAKERS CONDEMNED APARTHEID, REMARKS STRESSED TECHNICAL SOUNDNESS OF AGREEMENT, ITS CONSISTENCY WITH PREVIOUS AGREEMENTS SAME BOARD HAD APPROVED, AND VITAL IMPORTANCE OF ENSURING THAT INTERNATIONAL NUCLEAR TRANSACTIONS ARE COVERED BY EFFECTIVE SAFEGUARDS. IN DEFENSE OF AGREEMENT, FRENCH GOVERNOR

(GOLDSCHMIDT) ARGUED ELOQUENTLY THAT TO REJECT AGREEMENT FOR EXTRANEIOUS POLITICAL REASONS WOULD LEAD TO DETERIORATION OF SAFEGUARDS AND OF FOUNDATION OF NON PROLIFERATION REGIME. REP. OF ARGENTINA (ADEN), EXPRESSING HIS GOVERNMENT'S SUPPORT FOR AGREEMENT, INJECTED NOVEL, THOUGH CHARACTERISTIC, NOTE INTO DISCUSSION BY ASSETTING THAT APPROVAL OF AGREEMENT WOULD BE AFFIRMATION OF NATURAL RIGHT OF EVERY SOVEREIGN STATE TO ENJOY BENEFITS OF PEACEFUL USES OF NUCLEAR ENERGY. US GOVERNOR WELCOMED PROVISIONS OF BILATERAL AGREEMENT, REFERRED TO IN G'S COVERING MEMO, BY WHICH IT WAS ENSURED THAT NO RPT NO FUEL REPROCESSING WOULD TAKE PLACE IN SOUTH AFRICA, NOR WOULD PLUTONIUM BE STORED IN SOUTH AFRICA. PROVISION HAD ALSO BEEN MADE FOR PHYSICAL PROTECTION OF FACILITIES AND FUEL. IT WAS IMPORTANT, HE NOTED, TO DISTINGUISH BETWEEN SAFEGUARDS AGREEMENT, CONSIDERATION OF WHICH WAS BOARD'S RESPONSIBILITY, AND UNDERLYING COMMERCIAL TRANSACTION. IT WAS ESSENTIAL TO ENSURE THAT WHATEVER TRANSACTION MIGHT TAKE PLACE BE COVERED BY AN EFFECTIVE SAFEGUARDS SYSTEM.

4. COMMENT: DEBATE ON THIS ITEM WAS SHORTER THAN EXPECTED AND ALMOST PRO FORMA IN NATURE. IT CAN REASONABLY BE ASSUMED THAT US EFFORTS IN VIENNA TO EXPLAIN SIGNIFICANCE OF AGREEMENT WERE EXTREMELY HELPFUL; HOWEVER, WE WOULD AGAIN POINT OUT THAT THE FUTURE OF SAG IN THE AGENCY AS WELL AS THE IMPLEMENTATION OF THIS AGREEMENT ARE QUESTIONS WHICH WILL NOT BE SETTLED UNTIL THE POST CONFERENCE BOARD MEETING HAS ENDED.

5. U.S. VOLUNTARY OFFER (GOV/1806): DISCUSSION OF THIS ITEM OPENED WITH EXPLANATORY STATEMENT BY US GOVERNOR SETTING FORTH PURPOSE AND BACKGROUND OF US VOLUNTARY SAFEGUARDS OFFER (COPIES OF STATEMENT BEING POUCHED IO/SCT, ERDA FOR AMMONS AND OES). PHILIPPINE GOVERNOR (SIAZON) REQUESTED FROM SECRETARIAT, AND RECEIVED, CLARIFICATION OF THREE PROVISIONS OF PROPOSED AGREEMENT. GOVERNOR FROM IRAN (ETEMAD) EXPRESSED APPRECIATION FOR CONFIDENTIAL

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"COMMENDABLE INTENTIONS" OF US BUT DEPLORED USE OF AGENCY RESOURCES TO IMPLEMENT AN AGREEMENT WHICH HAD NO RELATION TO OBJECTIVES OF NON-PROLIFERATION. REPS OF UK, ITALY, JAPAN, FRG AND JAPAN WELCOMED AGREEMENT, WITH LATTER THREE EXPRESSING HOPE THAT OTHER NWSS WOULD BE ENCOURAGED TO CONCLUDE SIMILAR AGREEMENTS. SOVIET GOVERNOR THEN INTERVENED WITH BLUNT OBSERVATION THAT US/IAEA SAFEGUARDS AGREEMENT DID NOT DERIVE FROM ANY OBLIGATION UNDER THE NPT. COMMENT: HERE AGAIN, INTENSIVE PRIOR CONSULTATIONS WITH MEMBER STATES PROVED HIGHLY EFFECTIVE.

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6. CANADA/IAEA/APAIN SAFEGUARDS AGREEMENT (GOV/1807): CANADIAN
REP (HAFHEY) INTRODUCED GOV/1807 WITH BRIEF CLARIFICATION OF
TWO POINTS IN DRAFT AGREEMENT. WITH RESPECT TO ARTICLE 15(A)(2)
REGARDING NOTIFICATION TO AGENCY OF INTERNATIONAL TRANSFERS,
HAFHEY DECLARED THAT NOTWITHSTANDING THE PHRASE "AT THE TIME OF
SHIPMENT", IT WAS HIS GOVERNMENT'S INTENTION TO PROVIDE
NOTIFICATION AS FAR IN ADVANCE AS POSSIBLE. SPANISH GOVERNOR
(OLIVARES) AFFIRMED THE SAME INTENTION OF HIS OWN GOVERNMENT.
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HAFHEY THEN MADE FURTHER CLARIFICATION AS FOLLOWS: QUOTE: WITH REGARD TO ARTICLE 23 (A) I SHOULD LIKE TO MAKE IT CLEAR THAT THE COOPERATION AGREEMENT AND THE PRESENT DRAFT AGREEMENT REQUIRE THAT SAFEGUARDS WILL APPLY TO PRODUCED NUCLEAR MATERIAL AND SUBSEQUENT GENERATIONS OF SUCH MATERIAL. THIS BASIC REQUIREMENT, REFLECTED ALSO IN SECTIONS 2, 3 AND 9 OF THE SAFEGUARDS TRANSFER AGREEMENT, IS NOT AFFECTED BY TRANSFERS OF SUCH MATERIAL BETWEEN THE PARTIES OR TO THIRD STATES, AND SUBSEQUENT RETRANSFERS OF SUCH MATERIAL TO THE STATE WHERE IT HAD BEEN PRODUCED. IN OTHER WORDS, NUCLEAR MATERIAL PRODUCED UNDER SAFEGUARDS CAN NEVER FALL INTO THE CATEGORY OF "ORIGINALLY SUPPLIED MATERIAL". THIS SITUATION WE UNDERSTAND, APPLIES NOT ONLY FOR THE PRESENT AGREEMENT BUT FOR OTHER SAFEGUARDS AGREEMENTS BASED ON INFCIRC/66. UNQUOTE. (FYI: FIRST CLARIFICATION WAS IN RESPONSE TO SOVIET CONCERNS, CONVEYED TO CANADIANS THROUGH USDEL; LANGUAGE OF SECOND CLARIFICATION WAS DRAFTED BY SECRETARIAT IN CONSULTATION WITH CANADIAN AND USDELS, AT LATTER'S INITIATIVE. END FYI). IN RESPONSE, US GOVERNOR WELCOMED CLARIFICATIONS, PARTICULARLY THAT REGARDING ARTICLE 23(A), AND ADDED US VIEW THAT "THIS PROVISION CAN ONLY BE APPLIED IN THE MANNER DESCRIBED." BOARD APPROVAL FOLLOWED BRIEF STATEMENTS OF SUPPORT BY REPS OF FRG, JAPAN AND ITALY.

7. REACTOR PROJECTS: (A) MEXICO (GOV/1808): EVENING BEFORE CONVENING OF BOARD, USDEL WAS ASTONISHED TO LEARN FROM SECRETARIAT THAT GOM HAD SUDDENLY AND WITHOUT EXPLANATION, ADVISED AGENCY OF ITS WISH TO WITHDRAW FROM BOARD CONSIDERATION ITS REQUEST FOR TRANSFER FROM USG OF A RESEARCH REACTOR AND FUEL. (USDEL HAS AS YET RECEIVED NO EXPLANATION WHATEVER FROM GOM DEL, NOTWITHSTANDING STRENUOUS USG EFFORTS FOR MONTHS TO ACCOMMODATE ORIGINAL MEXICAN REQUEST, AS SOME ADDRESSEES ARE AWARE). US GOVERNOR, RESPONDING TO STATEMENT BY BOARD CHAIRMAN THAT "A REQUEST FOR DEFERMENT OF THIS ITEM" HAD BEEN RECEIVED, OBSERVED THAT US WAS "UNAWARE OF ANY DIFFICULTY OR PROBLEM" WITH RESPECT TO PARTICIPATION IN PROJECT BY US SIDE. (B) GREECE (GOV/1809): GREEK REQUEST FOR FURTHER SUPPLY OF FUEL FROM US FOR RESEARCH REACTOR WAS APPROVED BY BOARD FOLLOWING BRIEF INTERVENTION BY US GOVERNOR NOTING US UNDERSTANDING THAT BOARD AUTHORIZATION TO DG TO CONCLUDE A SUPPLY AGREEMENT WITH GREECE WOULD NOT BE IMPLEMENTED UNTIL CONCLUSION OF FURTHER CONSULTATION BETWEEN USG AND GREECE REGARDING, INTER ALIA, PRECISE QUANTITY AND ENRICHMENT OF SUPPLIED URANIUM. IN ORDER PROVIDE MORE FLEXIBILITY IN BOARD

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DECISION THAN REFLECTED IN PARA 8(A) OF GOV/1809, US GOVERNOR SUGGESTED BOARD APPROVE SUPPLY TO GREECE OF "UP TO SEVEN THOUSAND GRAMS OF U-235 CONTAINED IN URANIUM OF ENRICHMENT TO BE DETERMINED IN FUTURE CONSULTATIONS WHICH, IN ANY EVENT, WOULD NOT BE ABOVE APPROXIMATELY 90 PERCENT IN THAT ISOTOPE." FYI. USDEL UNABLE REACH ANY MEMBER GREEK DEL OR LOCAL CONSULATE PRIOR TO MEETING IN SPITE STRENUOUS EFFORT.

8. OTHER AGENDA ITEMS:

(A) STAFF OF THE INSPECTORATE (GOV/1803): BOARD APPROVED DG REQUEST FOR AUTHORIZATION TO ADD THREE NEW STAFF MEMBERS TO BE AVAILABLE AS SAFEGUARDS INSPECTORS REPLACING THREE LEAVING SECRETARIAT IN NEAR FUTURE, AFTER BRIEF AND CUSTOMARY APPEAL BY HEPS OF ARGENTINA AND BRAZIL FOR MORE INSPECTORS HAVING SPANISH AS NATIVE TONGUE.

(B) EMOLUMENTS OF STAFF (GOV/1801): DISCUSSION ON THIS ITEM WAS LIMITED TO STATEMENT BY US GOVERNOR, IN ACCORDANCE WITH INSTRUCTIONS, NOTING ROLE RISING SALARY COSTS HAVE PLAYED IN GROWING COSTS OF DOMESTIC AND INTERNATIONAL PUBLIC SERVICES AND URGING AGENCY IN INTERESTS OF ITS OWN REPUTATION TO KEEP SALARY INCREASES WITHIN REASONABLE LIMITS.

(C) AND (D) FINAL AGENDA ITEMS ON TRANSFER OF FUNDS BETWEEN SECTIONS OF REGULAR BUDGET, AND FUTURE MEETINGS OF BOARD WERE APPROVED WITH MINIMAL COMMENT.
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Draft Date: 20 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: KelleyW0
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